

TIR 15-15: New Streamlined Extensions Process For Corporate Excise Taxpayers

I. Introduction

The Department of Revenue (DOR) is implementing MassTaxConnect, a new computerized tax system that will make filing returns, submitting payments, and managing taxpayer accounts simpler, quicker, and more efficient. On November 30, 2015, business taxpayers, practitioners, and professionals will transition from using DOR's existing e-filing system—WebFile for Business—to using MassTaxConnect.

This Technical Information Release (TIR) explains a new streamlined process with regard to extensions of time to file tax returns for corporate excise taxpayers, beginning with all returns due on or after November 30, 2015. These changes are occurring in conjunction with the availability of MassTaxConnect for such taxpayers.

Previously, to receive an extension of time to file a return,^[1] a corporate excise taxpayer had to submit a formal request electronically or on paper or otherwise meet certain criteria.^[2] Going forward, the extension process will be automated and, in accordance with the rules set forth in this TIR, all corporate excise taxpayers will be given an extension of time to file their tax returns as long as certain payment requirements are met.^[3] Generally, to meet these payment requirements, corporate excise taxpayers must have paid the greater of (1) 50% of the total amount of tax ultimately due or (2) the minimum corporate excise by the original due date for filing the return.^[4] Consistent with current rules, taxpayers meeting these payment requirements will be given a 7-month extension in the case of corporate excise taxpayers filing combined reports and a 6-month extension in the case of other corporate excise taxpayers (with the exception of taxpayers filing unrelated business income tax returns, who will be given an 8-month extension).

II. Automated Process

A. Combined Report Filers

Pursuant to previously issued guidance, taxpayer corporations that are required to participate in a combined report pursuant to G.L. c. 63, § 32B are eligible for a 7-month extension for the filing of their corporate excise return. See DD 11-5. For corporate excise returns for these combined reporting corporations that are due on or after November 30, 2015, such extensions will be given automatically if the payment requirement described in this section II.A. is met. The 7-month extension applies to all income that is reported on the combined report, including any income of a taxpayer corporation that is *not* included in the combined group's taxable income (e.g., allocable income), if the taxpayer corporation reports this income using the same taxable year as the combined group.^[5]

The 7-month extension also applies to the filing with respect to the non-income measure that is required from any member of the combined group if the member has the same tax year as the combined group. Any taxpayer corporation included in a combined report that is required to pay the non-income measure of the corporate excise but has a different taxable year than that of the combined group is eligible for a 6-month filing extension. For corporate excise returns due on or after November 30, 2015, that extension will also now be given automatically.

The applicable extension will run from the original due date for filing the return, as specified under G.L. c. 62C. This extension does not extend the due date for payment of any tax due. In addition, interest accrues from the original due date for filing a return on all amounts not paid by the due date, and on any amount assessed as a penalty. G.L. c. 62C, § 40.

The extension for corporate taxpayers required to participate in a combined report will be given automatically provided that, for each such taxpayer corporation included in the filing, the greater of (1) 50% of the total amount of tax ultimately due in connection with the combined report or (2) the minimum corporate excise, has been paid by the original due date for filing the return.^[6] The total amount of tax due for each corporation required to participate in the combined group must include both the income measure and the non-income measure, including the excise due with respect to income that is not included in the combined group's taxable income.

B. Corporate Excise Filers Not Filing As Part of a Combined Report

Existing guidance provides that the following corporate excise taxpayers when not required to file as part of a combined report are eligible for a 6-month filing extension:

- Business Corporations generally
- S Corporations
- Security Corporations
- Financial Institutions
- Insurance Companies
- Urban Redevelopment Companies

For all returns due on or after November 30, 2015, these corporate excise taxpayers will be given a 6-month filing extension automatically if the payment requirement described in this section II.B. is met. The corporate excise returns that are affected by these new rules are those reporting tax imposed under G.L. c. 63.^[7]

The 6-month extension will run from the original due date for filing the return, as specified under G.L. c. 62C. This extension does not extend the due date for payment of any tax due. In addition, interest accrues from the original due date for filing a return on all amounts not paid by the due date, and on any amount assessed as a penalty. G.L. c. 62C, § 40.

The 6-month extension will be given automatically provided that the greater of (1) 50% of the total amount of tax ultimately due or (2) the minimum corporate excise has been paid by the original due date for the return.^[8]

C. Unrelated Business Income Tax Filers

Existing guidance provides that corporate excise taxpayers filing returns reporting unrelated business income tax under G.L. c. 63 are eligible for an 8-month filing extension. For all returns due on or after November 30, 2015, these corporate excise taxpayers will be given an 8-month filing extension automatically if the payment requirement described in this section II.C. is met.^[9]

The 8-month extension will run from the original due date for filing the return, as specified under G.L. c. 62C. This extension does not extend the due date for payment of any tax due. In addition, interest accrues from the original due date for filing a return on all amounts not paid by the due date, and on any amount assessed as a penalty. G.L. c. 62C, § 40.

The 8-month extension will be given automatically provided that 50% of the total amount of tax ultimately due has been paid by the original due date for the return.

D. Administrative Matters

MassTaxConnect will allow corporate excise taxpayers to make electronic extension payments. As of January 1, 2016, most extension payments by corporate excise taxpayers are required to be made electronically. See TIR 15-9.

Corporate excise taxpayers needing an extension longer than the amount provided automatically should contact the Customer Service Bureau for assistance.

/s/Mark E. Nunnelly
Mark E. Nunnelly
Commissioner of Revenue

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November 30, 2015

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^[1] Pursuant to G.L. c. 62C, § 19, the Commissioner of Revenue is authorized to grant a taxpayer, for good cause, a reasonable extension of time to file its tax return, provided that on or before the due date for payment of the tax, the taxpayer files a tentative return in such form as the Commissioner may require and pays the tax reasonably estimated to be due.

^[2] See TIR 06-21; DD 07-3, DD 10-1; DD 11-5.

^[3] All other taxpayers not mentioned in this TIR should continue to follow the guidance in TIR 06-21 with regard to extensions of time to file their returns.

^[4] In a small number of cases, a corporate excise taxpayer may owe less than the minimum corporate excise. In such cases, the taxpayer must pay only the amount due in order to be granted an extension.

^[5] A taxpayer corporation with a taxable year that is different from that of the combined group must separately report, any income that is not included in the combined group's taxable income, in addition to any non-income measure excise the taxpayer corporation may owe for that year. In this case, the taxpayer corporation will be given a 6-month extension with respect to this separate filing.

^[6] See footnote 4 above.

^[7] Section II.B. of this TIR applies to taxpayers currently filing the following forms: Form 121A, Form 355, Form 355S, Form 355SBC, Form 355SC, Form 355SV, Form 63-20P; Form 63-23P, Form 63-29A, Form 63-FI.

^[8] See footnote 4 above.

^[9] Section II.C. of this TIR applies to taxpayers currently filing Form M-990T.